

BULLITT COUNTY BOARD OF EDUCATION

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS**

Year ended June 30, 2003

BULLITT COUNTY BOARD OF EDUCATION

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BULLITT COUNTY BOARD OF EDUCATION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Bullitt County Board of Education
Shepherdsville, Kentucky

We have audited the accompanying basic financial statements of the Bullitt County Board of Education as of June 30, 2003 and for the year then ended, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the Independent Auditor's Contract - General Audit Requirements, Appendix II of the Independent Auditor's Contract - State Audit Requirements, and Appendix III of the Independent Auditor's Contract - Electronic Submission. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note B to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

In our opinion, the basic financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2003 and the results of its operations and the cash flows of its business type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 15, 2003, on our consideration of Bullitt County Board of Education's internal control structure and a report dated August 15, 2003, on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information shown on pages 34 through 60 is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on pages 61 and 62 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Management's Discussion and Analysis and Budgetary Comparison Information on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Louisville, Kentucky
August 15, 2003

BULLITT COUNTY PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Year ended June 30, 2003

As management of the Bullitt County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for the District was \$17.8 million.
- The board initiated no new major construction projects. It did issue bonds in the amount of \$2.66 million to refinance a previous bond issue during fiscal year 2003.
- The General Fund had \$47.5 million in revenue, which primarily consisted of the state program (SEEK), property, local occupational license taxes, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$45.4 million in General Fund expenditures.
- Bonds are issued as the district builds and renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The district's total debt decreased by \$1.9 million during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Continued

BULLITT COUNTY PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)--CONTINUED

Year ended June 30, 2003

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 9 - 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$31.2 million as of June 30, 2003.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the period ending June 30, 2003

The current year's financial statements are dramatically different from past years as a result of implementing GASB 34. Attempting to compare this year's data with last year would be misleading to the reader however the district looks forward to offering comparative data in the future.

Current Assets	\$ 14,181,324
Noncurrent Assets	57,233,789
Total Assets	<u><u>\$ 71,415,113</u></u>
Current Liabilities	\$ 4,980,094
Noncurrent Liabilities	35,338,988
Total Liabilities	<u><u>\$ 40,229,082</u></u>

Continued

BULLITT COUNTY PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)--CONTINUED

Year ended June 30, 2003

Net Assets

Investment in capital assets	\$ 57,233,789
Restricted	(24,271,135)
Unreserved Fund Balance	(1,776,623)
Total Net Assets	\$ 31,186,031

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

The district implemented GASB 34 and recorded fixed assets and debt for the first time.

Comments on Budget Comparisons

- The District's total revenues for the governmental and proprietary funds for the fiscal year ended June 30, 2003, net of Interfund transfers, were \$71,848,310.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$1.5 million more than budget or approximately 3.2 percent.
- The total cost of all programs and services was \$63,308,127 net of debt service.
- General fund budget expenditures to actual varied significantly in district administrative support (\$1.7 million). This resulted primarily from the board establishing a contingency fund totaling \$1.6 million.

The following table presents a summary of revenue and expense for the Governmental funds for the fiscal year ended June 30, 2003.

	Amount
Revenues:	
Local revenue sources	\$ 17,457,650
State revenue sources	38,100,463
Federal Revenue	3,933,202
Investments	308,811
Other Sources	103,316
Bond Proceeds	2,660,000
Total revenues	\$ 62,563,442

Expenses:

Instruction	\$ 36,180,467
Student Support Services	1,602,975
Instructional Support	2,118,611
District Administration	400,945
School Administration	3,558,318
Business Support	1,067,355
Plant Operations	3,826,422
Student Transportation	3,657,216
Central Office Support	613,546
Facilities Acquisition and Construction	6,068,173
Educational Specific	410,695
Community Support	407,077
Other	6,576,126
Total expenses	\$ 66,487,926

Expense in Excess of Revenue	\$ (3,924,484)
Continued	

BULLITT COUNTY PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)--CONTINUED

Year ended June 30, 2003

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, (i.e. some federal) operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2.0% contingency. The district adopted a budget with \$1,846,732 in contingency (2.86%). The beginning cash balance for beginning the fiscal year is \$2.79 million. Significant Board action that impacted the finances included a **2.7%** pay raise for all employees including classified and certified employees.

Questions regarding this report should be directed to the Superintendent (502) 543-2271 or to Keith Davis, Assistant Superintendent for Business Administration and Finance at (502) 543-2271 or by mail at 1040 Hwy, 44 East, Shepherdsville, KY 40165.

BULLITT COUNTY BOARD OF EDUCATION

STATEMENT OF NET ASSETS

June 30, 2003

ASSETS	Governmental Activities	Business- Type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 12,501,020	\$ 371,233	\$ 12,872,253
Inventory	-	44,274	44,274
Accounts receivable			
Taxes – current	274,666	-	274,666
Taxes – delinquent	27,647	-	27,647
Accounts receivable	-	173,357	173,357
Intergovernmental – State	92,774	-	92,774
Intergovernmental – Indirect Federal	671,470	-	671,470
Other	19,165	-	19,165
Due from other funds	<u>5,718</u>	<u>-</u>	<u>5,718</u>
Total current assets	13,592,460	588,864	14,181,324
Non-current Assets			
Capital assets	98,077,070	1,258,440	99,335,510
Less: accumulated depreciation	<u>41,198,717</u>	<u>903,004</u>	<u>42,101,721</u>
Total non-current assets	<u>56,878,353</u>	<u>355,436</u>	<u>57,233,789</u>
Total assets	<u>\$ 70,470,813</u>	<u>\$ 944,300</u>	<u>\$ 71,415,113</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 1,217,195	\$ 8,962	\$ 1,226,157
Accrued payroll and related expenses	216,406	-	216,406
Due to other funds	5,718	-	5,718
Current portion of bond obligations	1,825,000	-	1,825,000
Current portion of accrued sick leave	355,870	-	355,870
Deferred revenue	919,414	-	919,414
Interest payable	<u>341,529</u>	<u>-</u>	<u>341,529</u>
Total current liabilities	4,881,132	8,962	4,890,094
Non-current Liabilities			
Non-current portion of bond obligations	35,005,000	-	35,005,000
Non-current portion of accrued sick leave	<u>333,988</u>	<u>-</u>	<u>333,988</u>
Total non-current liabilities	<u>35,338,988</u>	<u>-</u>	<u>35,338,988</u>
Total liabilities	40,220,120	8,962	40,229,082
Net Assets			
Invested in capital assets, net of accumulated depreciation	56,878,353	355,436	57,233,789
Restricted for:			
Capital projects	8,841,883	-	8,841,883
Debt service	(37,171,529)	-	(37,171,529)
Other purposes (nonexpendable)	3,990,909	(2,783)	3,988,126
Unrestricted	<u>(2,288,923)</u>	<u>582,685</u>	<u>(1,706,238)</u>
Total net assets	<u>30,250,693</u>	<u>935,338</u>	<u>31,186,031</u>
Total liabilities and net assets	<u>\$ 70,470,813</u>	<u>\$ 944,300</u>	<u>\$ 71,415,113</u>

See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2003

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instruction	\$ 33,204,759	\$ -	\$ 7,637,557	\$ -	\$ (25,567,202)	\$ -	\$ (25,567,202)
Support services:							
Student	1,601,411	22,604	7,192	-	(1,571,615)	-	(1,571,615)
Instruction staff	1,421,455	-	-	-	(1,421,455)	-	(1,421,455)
District administrative	453,010	-	-	-	(453,010)	-	(453,010)
School administrative	3,557,702	-	-	-	(3,557,702)	-	(3,557,702)
Business	1,063,745	3,250	-	-	(1,060,495)	-	(1,060,495)
Plant operation and maintenance	5,463,870	-	-	-	(5,463,870)	-	(5,463,870)
Student transportation	3,892,035	43,045	-	-	(3,848,990)	-	(3,848,990)
Central office	608,816	-	-	-	(608,816)	-	(608,816)
Facilities acquisition and construction	5,827,823	-	-	2,980,980	(2,846,843)	-	(2,846,843)
Educational specific	407,078	-	-	-	(407,078)	-	(407,078)
Community service activities	410,578	-	-	-	(410,578)	-	(410,578)
Interest on long-term debt	1,973,788	-	-	-	(1,973,788)	-	(1,973,788)
On-behalf payments unallocated	8,450,184	-	8,450,184	-	-	-	-
Total governmental activities	<u>68,336,254</u>	<u>68,899</u>	<u>16,094,933</u>	<u>2,980,980</u>	<u>(49,191,442)</u>	<u>-</u>	<u>(49,191,442)</u>
Business-Type Activities							
Food service and summer feeding	3,390,209	1,921,909	1,563,982	-	-	95,682	95,682
Adult Education	6,118	-	-	-	-	(6,118)	(6,118)
Total business-type activities	<u>3,396,327</u>	<u>1,921,909</u>	<u>1,563,982</u>	<u>-</u>	<u>-</u>	<u>89,564</u>	<u>89,564</u>
Total primary government	<u>\$ 71,732,581</u>	<u>\$ 1,990,808</u>	<u>\$ 17,658,915</u>	<u>\$ 2,980,980</u>	<u>(49,191,442)</u>	<u>89,564</u>	<u>(49,101,878)</u>
General Revenues							
Taxes:							
Property taxes					11,904,136	-	11,904,136
Motor vehicle taxes					1,772,535	-	1,772,535
Utility taxes					2,717,867	-	2,717,867
Other					624,418	-	624,418
Investment earnings					308,811	8,793	317,604
State and formula grants					31,742,914	-	31,742,914
Loss compensation					103,316	-	103,316
Miscellaneous					34,817	-	34,817
					<u>49,208,814</u>	<u>8,793</u>	<u>49,217,607</u>
Other Financing Sources (Uses)							
Operating transfers in					161,019	-	161,019
Operating transfers out					-	(161,019)	(161,019)
Total other financing sources (uses)					<u>161,019</u>	<u>(161,019)</u>	<u>-</u>
Change in net assets					178,391	(62,662)	115,729
Net assets, beginning of year, as restated					<u>30,072,302</u>	<u>998,000</u>	<u>31,070,302</u>
Net assets, end of year					<u>\$ 30,250,693</u>	<u>\$ 935,338</u>	<u>\$ 31,186,031</u>

See independent auditor's report and accompanying notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION
BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2003

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND RESOURCES					
Cash and cash equivalents	\$ 5,516,509	\$ 253,544	\$ 4,533,823	\$ 2,197,144	\$ 12,501,020
Accounts receivable					
Taxes – current	274,666	-	-	-	274,666
Taxes – delinquent	27,647	-	-	-	27,647
Intergovernmental – State	-	92,774	-	-	92,774
Intergovernmental – Indirect Federal	2,138	669,332	-	-	671,470
Other	13,052	6,113	-	-	19,165
Due from other funds	-	5,718	-	-	5,718
Total assets and resources	<u>\$ 5,834,012</u>	<u>\$ 1,027,481</u>	<u>\$ 4,533,823</u>	<u>\$ 2,197,144</u>	<u>\$ 13,592,460</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 389,573	\$ 108,067	\$ 719,555	\$ -	\$ 1,217,195
Accrued payroll and related expenses	216,406	-	-	-	216,406
Due to other funds	5,718	-	-	-	5,718
Current portion of accumulated sick leave	355,870	-	-	-	355,870
Deferred revenue	-	919,414	-	-	919,414
Total liabilities	<u>967,567</u>	<u>1,027,481</u>	<u>719,555</u>	<u>-</u>	<u>2,714,603</u>
Fund Balances					
Reserved for:					
Encumbrances	(34,963)	175,376	9,016,037	4,184,484	13,340,934
Accrued sick leave	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
General fund	4,901,408	-	-	-	4,901,408
Special revenue funds	-	(175,376)	-	-	(175,376)
Capital projects funds	-	-	(5,201,769)	(2,057,725)	(7,259,494)
Debt service	-	-	-	70,385	70,385
Total fund balances	<u>4,866,445</u>	<u>-</u>	<u>3,814,268</u>	<u>2,197,144</u>	<u>10,877,857</u>
Total liabilities and fund balances	<u>\$ 5,834,012</u>	<u>\$ 1,027,481</u>	<u>\$ 4,533,823</u>	<u>\$ 2,197,144</u>	<u>\$ 13,592,460</u>

 See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

**RECONCILIATION OF THE BALANCE SHEET--GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS**

June 30, 2003

Total fund balance per governmental fund balance sheet	\$ 10,877,857
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Amounts reported for governmental activities in the statement of net
assets are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.	56,878,353
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Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets.	<u>(37,505,517)</u>
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Net assets for governmental activities	<u>\$ 30,250,693</u>
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BULLITT COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS

Year ended June 30, 2003

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ 10,193,872	\$ -	\$ -	\$ 1,710,264	\$ 11,904,136
Motor vehicle	1,772,535	-	-	-	1,772,535
Utilities	2,717,867	-	-	-	2,717,867
Other	624,418	-	-	-	624,418
Tuition and fees	43,045	22,603	-	-	65,648
Earnings on investments	231,245	7,587	69,734	245	308,811
Student activities	-	7,192	-	-	7,192
Other local revenues	37,735	327,787	-	332	365,854
Intergovernmental – state	31,742,914	3,376,570	-	2,980,979	38,100,463
Intergovernmental – indirect federal	-	3,852,790	-	-	3,852,790
Intergovernmental – direct federal	-	80,412	-	-	80,412
Loss compensation	103,316	-	-	-	103,316
Total revenues	<u>47,466,947</u>	<u>7,674,941</u>	<u>69,734</u>	<u>4,691,820</u>	<u>59,903,442</u>
Expenditures					
Instruction	30,045,270	6,135,197	-	-	36,180,467
Support services:					
Student	1,545,211	57,764	-	-	1,602,975
Instruction staff	1,136,629	981,982	-	-	2,118,611
District administrative	400,945	-	-	-	400,945
School administrative	3,374,225	184,093	-	-	3,558,318
Business	1,067,355	-	-	-	1,067,355
Plant operation and maintenance	3,818,368	8,054	-	-	3,826,422
Student transportation	3,447,862	209,354	-	-	3,657,216
Central office	613,546	-	-	-	613,546
Facilities acquisition and construction	-	-	6,068,173	-	6,068,173
Educational specific	-	410,695	-	-	410,695
Community service activities	-	407,077	-	-	407,077
Other	-	-	-	6,576,126	6,576,126
Total expenditures	<u>45,449,411</u>	<u>8,394,216</u>	<u>6,068,173</u>	<u>6,576,126</u>	<u>66,487,926</u>
Excess (Deficit) of Revenues Over Expenditures	<u>2,017,536</u>	<u>(719,275)</u>	<u>(5,998,439)</u>	<u>(1,884,306)</u>	<u>(6,584,484)</u>
Other Financing Sources (Uses)					
Proceeds from sale of bonds	-	-	-	2,660,000	2,660,000
Operating transfers in	209,184	362,698	4,193,129	3,551,650	8,316,661
Operating transfers out	(148,022)	(262,841)	(578,338)	(7,166,441)	(8,155,642)
Total other financing sources (uses)	<u>61,162</u>	<u>99,857</u>	<u>3,614,791</u>	<u>(954,791)</u>	<u>2,821,019</u>
Net change in fund balances	2,078,698	(619,418)	(2,383,648)	(2,839,097)	(3,763,465)
Fund balances, beginning of year	<u>2,787,747</u>	<u>619,418</u>	<u>6,197,916</u>	<u>5,036,241</u>	<u>14,641,322</u>
Fund balances, end of year	<u>\$ 4,866,445</u>	<u>\$ -</u>	<u>\$ 3,814,268</u>	<u>\$ 2,197,144</u>	<u>\$ 10,877,857</u>

 See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF--GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year ended June 30, 2003

Net change in total governmental fund balances per fund financial statements	\$ (3,763,465)
--	----------------

Amounts reported for governmental activities in the statement of activities
are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	(970,212)
---	-----------

The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net assets.	(2,660,000)
--	-------------

Bond and capital lease payments are recognized as expenditures of current Financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.	4,560,000
---	-----------

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>3,012,068</u>
--	------------------

Change in net assets of governmental activities	<u>\$ 178,391</u>
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BULLITT COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY COMPARISON SCHEDULE--GENERAL FUND

Year ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
From local sources				
Taxes				
Property	\$ 9,984,860	\$ 9,984,860	\$ 10,193,872	\$ 209,012
Motor vehicle	1,641,395	1,641,395	1,772,535	131,140
Utilities	2,394,881	2,394,881	2,717,867	322,986
Other	653,499	653,499	624,418	(29,081)
Tuition and fees	34,295	34,295	43,045	8,750
Earnings on investments	190,000	190,000	231,245	41,245
Other local revenues	23,660	23,660	37,735	14,075
Intergovernmental – state	31,041,629	31,041,629	31,742,914	701,285
Gain on sale of assets	-	-	103,316	103,316
Total revenues	45,964,219	45,964,219	47,466,947	1,502,728
Expenditures				
Instruction	31,075,703	31,087,580	30,045,270	1,042,310
Support services:				
Student	1,664,883	1,664,029	1,545,211	118,818
Instruction staff	1,175,498	1,180,217	1,136,629	43,588
District administrative	2,318,520	2,122,204	400,945	1,721,259
School administrative	3,885,084	3,903,757	3,374,225	529,532
Business	1,002,542	1,001,542	1,067,355	(65,813)
Plant operation and maintenance	3,810,177	3,810,177	3,818,368	(8,191)
Student transportation	3,487,380	3,487,380	3,447,862	39,518
Central office	648,832	656,080	613,546	42,534
Total expenditures	49,068,619	48,912,966	45,449,411	3,463,555
Excess (Deficit) of Revenues Over Expenditures	(3,104,400)	(2,948,747)	2,017,536	4,966,283
Other Financing Sources (Uses)				
Operating transfers in	161,000	161,000	209,184	48,184
Operating transfers out	-	-	(148,022)	(148,022)
Total other financing sources (uses)	161,000	161,000	61,162	(99,838)
Net change in fund balance	(2,943,400)	(2,787,747)	2,078,698	4,866,445
Fund balances, beginning of year	2,943,400	2,787,747	2,787,747	-
Fund balances, end of year	\$ -	\$ -	\$ 4,866,445	\$ 4,866,445

See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION**STATEMENT OF NET ASSETS--PROPRIETARY FUNDS**

Year ended June 30, 2003

ASSETS	Food Service Fund	Other Enterprise Funds	Total
Current Assets			
Cash and cash equivalents	\$ 371,233	\$ -	\$ 371,233
Inventory	44,274	-	44,274
Accounts receivable	<u>173,357</u>	<u>-</u>	<u>173,357</u>
Total current assets	588,864	-	588,864
Non-current Assets			
Capital assets	1,220,667	37,773	1,258,440
Less: accumulated depreciation	<u>878,486</u>	<u>24,518</u>	<u>903,004</u>
Total non-current assets	<u>342,181</u>	<u>13,255</u>	<u>355,436</u>
Total assets	<u>\$ 931,045</u>	<u>\$ 13,255</u>	<u>\$ 944,300</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 8,962	\$ -	\$ 8,962
Net Assets			
Invested in capital assets, net of accumulated depreciation	342,181	13,255	355,436
Reserved for encumbrances	(2,783)		(2,783)
Unrestricted	<u>582,685</u>	<u>-</u>	<u>582,685</u>
Total net assets	<u>922,083</u>	<u>13,255</u>	<u>935,338</u>
Total liabilities and net assets	<u>\$ 931,045</u>	<u>\$ 13,255</u>	<u>\$ 944,300</u>

See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS--PROPRIETARY FUNDS**

Year ended June 30, 2003

	<u>Food Service Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Operating Revenues:			
Lunchroom sales	\$ 1,921,909	\$ -	\$ 1,921,909
Operating Expenses:			
Salaries and wages	1,842,594	-	1,842,594
Contract services	428	-	428
Materials and supplies	1,411,892	-	1,411,892
Depreciation	54,221	6,118	60,339
Other operating expenses	<u>81,074</u>	<u>-</u>	<u>81,074</u>
Total operating expenses	<u>3,390,209</u>	<u>6,118</u>	<u>3,396,327</u>
Operating loss	(1,468,300)	(6,118)	(1,474,418)
Non-Operating Revenues:			
Federal grants	1,508,649	-	1,508,649
State grants	55,333	-	55,333
Interest income	<u>8,793</u>	<u>-</u>	<u>8,793</u>
Total non-operating revenues	<u>1,572,775</u>	<u>-</u>	<u>1,572,775</u>
Income (loss) before operating transfers	104,475	(6,118)	98,357
Operating Transfers Out	<u>(161,019)</u>	<u>-</u>	<u>(161,019)</u>
Net loss	(56,544)	(6,118)	(62,662)
Retained earnings, beginning of year, as originally stated	1,128,502	-	1,128,502
Prior period adjustment	<u>(149,875)</u>	<u>19,373</u>	<u>(130,502)</u>
Retained earnings, end of year	<u>\$ 922,083</u>	<u>\$ 13,255</u>	<u>\$ 935,338</u>

See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

STATEMENT OF CASH FLOWS--PROPRIETARY FUNDS

Year ended June 30, 2003

Cash Flows from Operating Activities

Cash received from:

Lunchroom sales

\$ 1,921,909

Government grants

1,530,502

Cash paid to/for:

Employees

(1,842,594)

Supplies

(1,403,885)

Other activities

(242,521)

Net cash used by operating activities

(36,589)

Cash Flows from Capital and Related Financing Activities

Purchases of capital assets

(13,798)

Cash Flows from Investing Activities

Receipt of interest income

8,793

Net decrease in cash and cash equivalents

(41,594)

Balances, beginning of year

412,827

Balances, end of year

\$ 371,233

Reconciliation of operating loss to net cash

used by operating activities:

Operating loss

\$ (62,662)

Adjustments to reconcile operating income to net cash used

by operating activities:

Depreciation

60,339

Interest

(8,793)

Change in assets and liabilities

Receivables

(33,479)

Accounts payable

8,006

Net cash used by operating activities

\$ (36,589)

See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

STATEMENT OF FIDUCIARY NET ASSETS--FIDUCIARY FUNDS

June 30, 2003

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 673,381
Accounts receivable	<u>390</u>
Total assets	<u><u>\$ 673,771</u></u>
 Liabilities	
Accounts payable	\$ 37,308
Due to student groups	<u>636,463</u>
Total liabilities	<u><u>\$ 673,771</u></u>

See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--
FIDUCIARY FUNDS**

June 30, 2003

	<u>Agency Fund</u>
Revenues From Student Activities	\$ 2,364,764
Non-instructional Expenses	<u>2,465,835</u>
Excess (Deficit) of Revenues Over Expenditures	(101,071)
Fund Balance, Beginning of Year	<u>737,534</u>
Fund Balance, End of Year	<u>\$ 636,463</u>

See independent auditor's report and accompanying
notes to financial statements

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Bullitt County Board of Education ("Board"), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Bullitt County Board of Education ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Bullitt County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Bullitt County Board of Education Finance Corporation – On October 17, 1988, the Board of Education resolved to authorize the establishment of the Bullitt County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Continued

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on pages 61 and 62. This is a major fund of the District.

Continued

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

(C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

(D) Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Fund Types (Enterprise Fund)

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

III. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

The Agency fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

Continued

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net assets as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Continued

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2003, to finance the General Fund operations were \$.411 per \$100 valuation for real property, \$.432 per \$100 valuation for business personal property and \$.472 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Continued

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Accumulated Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than \$50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Equivalents

The District considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Continued

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2003 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventories

On government-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Assets.

The permanent funds record investments at their quoted market value prices for purposes of the Statement of Net Assets. All realized gains and losses and changes in fair value are recorded in the Statement of Activities. Long-term investments are not recorded on the fund financial statements nor are unrealized gains and losses.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Continued

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories and fixed assets.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE B--CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For the fiscal year ended June 30, 2002, the District implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". Effective July 1, 2002, the District has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments".

GASB 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements split the District's programs between business-type and governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2002, caused by the conversion to the accrual basis of accounting.

The School District made a change in accounting principles during the year. For governmental activities, they began accounting for technology fund revenues in the special revenue fund. This change brought the District's funds into compliance with the fund classifications and requirements of GASB 34.

Restatement of Fund Balance – The restatement for the above changes and the transition from governmental fund balance to net assets of the governmental activities is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Construction</u>	<u>Non-major</u>	<u>Total</u>
Fund Balance June 30, 2002	\$ 2,787,747	\$ -	\$ 6,197,916	\$ 5,655,659	\$ 14,641,322
Close out technology fund	<u>-</u>	<u>619,418</u>	<u>-</u>	<u>(619,418)</u>	<u>-</u>
Adjusted Fund Balance, June 30, 2002	<u>\$ 2,787,747</u>	<u>\$ 619,418</u>	<u>\$ 6,197,916</u>	<u>\$ 5,036,241</u>	14,641,322
GASB 34 Adjustments:					
Capital Assets – Net of Depreciation					57,848,565
Long-Term Liabilities					(38,730,000)
Accumulated sick leave - long-term portion					(3,303,718)
Accrued interest payable					<u>(383,867)</u>
Governmental Activities Net Assets, June 30, 2002					<u>\$ 30,072,302</u>

Continued

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE B--CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE--CONTINUED

The District reclassified several funds from proprietary to government funds based upon fund classifications presented in GASB 34. The District also had a fixed asset inventory taken to comply with GASB 34. This inventory revealed the existence of proprietary fixed assets that have not previously been recorded on the books. Changes as a result of the GASB 34 implementation are as follows:

	<u>Food Service</u>	<u>Other Enterprise</u>	<u>Total</u>
Fund Balance, June 30, 2002	\$ 1,128,502	\$ -	\$ 1,128,502
Additional fixed assets (accumulated depreciation)	<u>(149,875)</u>	<u>19,373</u>	<u>(130,502)</u>
Adjusted Fund Balance, June 30, 2002	<u>\$ 978,627</u>	<u>\$ 19,373</u>	<u>\$ 998,000</u>

As proprietary funds are already on the accrual basis, no adjustments are necessary for the Statement of Net Assets.

NOTE C--ESTIMATES

The preparation of combined general-purpose financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose combined general-purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE D--CASH AND EQUIVALENTS

At June 30, 2003, the carrying amount of the District's total cash and cash equivalents was \$13,545,634. Of the total cash balance, \$100,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2003 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Peoples Bank	\$ 67,884	\$ 67,884
First Federal Savings Bank	16,948,672	13,475,249
Farmers Deposit Bank	<u>2,501</u>	<u>2,501</u>
	<u>\$ 17,019,057</u>	<u>\$ 13,545,634</u>

Continued

BULLITT COUNTY BOARD OF EDUCATION**NOTES TO FINANCIAL STATEMENTS--CONTINUED**

June 30, 2003

NOTE D--CASH AND EQUIVALENTS--CONTINUED

Breakdown per financial statements:

Governmental funds	\$ 12,501,020
Proprietary funds	371,233
Agency funds	<u>673,381</u>
	<u>\$ 13,545,634</u>

NOTE E--CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2003</u>
Land	\$ 4,285,654	\$ 148,160	\$ -	\$ 4,433,814
Buildings and improvements	81,138,764	301,840	-	81,440,604
Technology equipment	5,097,692	958,446	-	6,056,138
Rolling stock	23,100	-	-	23,100
Audio-visual equipment	35,042	8,379	-	43,421
Other	338,520	2,005	-	340,525
Furniture and fixtures	1,208	-	-	1,208
Vehicles	<u>5,738,260</u>	<u>-</u>	<u>-</u>	<u>5,738,260</u>
Totals at historical cost	<u>96,658,240</u>	<u>1,418,830</u>	<u>-</u>	<u>98,077,070</u>
Less: accumulated depreciation				
Buildings and improvements	30,482,803	1,628,812	-	32,111,615
Furniture and equipment	178,694	29,047	-	207,741
Vehicles	3,748,458	371,492	-	4,119,950
Technology equipment	4,399,720	359,691	-	4,759,411
Rolling stock	-	-	-	-
Audio-visual equipment	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>38,809,675</u>	<u>2,389,042</u>	<u>-</u>	<u>41,198,717</u>
Governmental Activities Capital Assets – Net	<u>\$57,848,565</u>	<u>\$ (970,212)</u>	<u>\$ -</u>	<u>\$ 56,878,353</u>

Continued

BULLITT COUNTY BOARD OF EDUCATION**NOTES TO FINANCIAL STATEMENTS--CONTINUED**

June 30, 2003

NOTE E--CAPITAL ASSETS

<u>Business-Type Activities</u>	<u>Balance July 1, 2002, as Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2003</u>
Food service and equipment	\$ 1,159,916	\$ 13,798	\$ -	\$ 1,173,714
Technology equipment	<u>84,726</u>	<u>-</u>	<u>-</u>	<u>84,726</u>
Totals at historical cost	<u>1,244,642</u>	<u>13,798</u>	<u>-</u>	<u>1,258,440</u>
Less: accumulated depreciation				
Food service equipment	781,374	52,311	-	833,685
Technology equipment	<u>61,290</u>	<u>8,029</u>	<u>-</u>	<u>69,319</u>
Total accumulated depreciation	<u>842,664</u>	<u>60,340</u>	<u>-</u>	<u>903,004</u>
Business – Type Activities Capital Assets – Net	<u>\$ 401,978</u>	<u>\$ (46,542)</u>	<u>\$ -</u>	<u>\$ 355,436</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

NOTE F--BONDED DEBT AND LEASE OBLIGATIONS

The original amount of each issue, the issue date, and interest rates are summarized below:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Interest Rates</u>
May 1992	\$ 5,400,000	5.90% - 6.00%
October 1993	4,450,000	3.63% - 4.10%
May 1996	5,900,000	5.20% - 5.80%
June 1996	1,525,000	4.00% - 4.70%
September 1996	2,000,000	3.75% - 5.40%
December 2000	6,620,000	4.95%
April 2001	1,885,000	3.40% - 4.50%
July 2001	4,105,000	2.70% - 4.35%
July 2001	10,530,000	3.50% - 4.80%
April 2002	3,640,000	4.00% - 4.63%
January 2003	2,660,000	1.10% - 3.20%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bullitt County Fiscal Court to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

Continued

BULLITT COUNTY BOARD OF EDUCATION**NOTES TO FINANCIAL STATEMENTS--CONTINUED**

June 30, 2003

NOTE F--BONDED DEBT AND LEASE OBLIGATIONS--CONTINUED

The District has entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2003 for debt service (principal and interest) are as follows:

<u>Fiscal Year</u>	<u>Bullitt County School District</u>		<u>Kentucky School Facility Construction Commission</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2003-04	\$ 1,086,499	\$ 1,463,431	\$ 738,501	\$ 207,019	\$ 3,495,450
2004-05	1,132,449	1,424,732	762,551	178,582	3,498,314
2005-06	1,166,159	1,386,530	583,841	152,243	3,288,773
2006-07	1,214,568	1,340,012	425,432	128,448	3,108,460
2007-08	1,264,091	1,289,182	425,909	112,140	3,091,322
2008-09	1,318,603	1,234,909	446,397	94,800	3,094,709
2009-10	1,377,345	1,177,446	412,655	77,276	3,044,722
2010-11	1,441,746	1,116,810	428,254	59,614	3,046,424
2011-12	1,503,772	1,051,500	451,228	40,792	3,047,292
2012-13	1,567,755	986,254	142,245	20,121	2,716,375
2013-14	1,647,381	907,979	122,619	13,867	2,691,846
2014-15	1,728,820	824,981	116,180	7,793	2,677,774
2015-16	1,831,634	740,205	88,366	4,301	2,664,506
2016-17	1,964,691	612,038	50,309	1,358	2,628,396
2017-18	2,060,000	513,743	-	-	2,573,743
2018-19	2,165,000	411,144	-	-	2,576,144
2019-20	2,275,000	303,078	-	-	2,578,078
2020-21	2,385,000	188,756	-	-	2,573,756
2021-22	<u>2,505,000</u>	<u>68,575</u>	<u>-</u>	<u>-</u>	<u>2,573,575</u>
	<u>\$ 31,635,513</u>	<u>\$ 17,041,305</u>	<u>\$ 5,194,487</u>	<u>\$ 1,098,354</u>	<u>\$ 54,969,659</u>

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE G--RETIREMENT PLANS

Certified employees are covered under the Kentucky Teachers Retirement System ("KTRS"). Funding for the Plan is provided through payroll withholdings of 9.855% and matching state contributions. The matching contributions are paid by the Federal programs for any salaries paid by that program.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System ("CERS"), a cost sharing, multiple-employer, and public employers retirement system. Funding for the Plan is provided through payroll withholdings of 5% and a district contribution of 6.41% of the employee's total compensation subject to contribution.

The District's total payroll for the year was approximately \$42,100,000. The payroll for employees covered under KTRS was approximately \$33,400,000 and for CERS was approximately \$8,700,000.

The contribution requirement for CERS for the year ended June 30, 2003 was \$986,596, which consisted of \$551,585 from the District and \$435,011 from the employees. The District has no contribution requirement to KTRS.

Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the plan documents.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the pensions' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among the plans and employers.

KTRS and CERS do not make separate measurements of assets and pension benefit obligation for individual employers. The following table presents certain information regarding the plans' status as a whole, derived from actuarial valuations performed as of the dates indicated:

	KTRS <u>June 30, 2002</u>	CERS <u>June 30, 2002</u>
Assets available for benefits, at fair value	\$ 13,588,847,000	\$ 6,883,299,000
Pension benefit obligation	<u>15,695,574,000</u>	<u>5,492,646,000</u>
(Unfunded)/overfunded benefit obligation	<u>\$ (2,106,727,000)</u>	<u>\$ 1,390,653,000</u>

Ten-year historical trend information showing KTRS's and CERS's progress in accumulating sufficient assets to pay benefits when due is presented in their June 30, 2002 comprehensive annual financial report.

As the Board is only one of several employers participating in the Plan, it is not practicable to determine the Board's portion of the unfunded past service cost or the vested benefits of the Board's portion of the Plan assets.

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE H--CONTINGENCIES

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the Board for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Board's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

SFAS No. 5, *Accounting for Contingencies*, requires accrual or disclosure of contingencies meeting specified criteria. Contingencies include items such as violations of restrictive debt covenants, lawsuits, and going concern uncertainties.

The special education due process claim seeking various forms of relief under IDEA and related state regulations was settled during fiscal year ending June 30, 2003. There were no additional costs incurred.

The District is also subject to other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined general-purpose financial statements as a result of the other cases presently in progress.

NOTE I--INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies that are retrospectively rated which include Workers' Compensation insurance.

NOTE J--RISK MANAGEMENT

The District is exposed to various risk of loss related to injuries to employees. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the district participates in the Kentucky Educational Development Corporation. The district pays an annual premium to the fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminates coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District purchases unemployment insurance through the Kentucky School Board's Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BULLITT COUNTY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE K--DEFICIT OPERATING BALANCES

There are no funds of the District that currently have a deficit fund balance. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance:

Special Revenue Fund	\$ 619,418
FSPK Building Fund	2,864,494
Construction Fund	2,383,649
Food Service Fund	62,662

NOTE L--COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. It is management's opinion that the District is in compliance with the COBRA requirements.

NOTE M--TRANSFER OF FUNDS

The following transfers were made during the year.

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Food Services	General	Indirect Cost	\$ 161,019
Operating	General	Technology	Matching	148,022
Operating	Technology	Special Revenue	Indirect Cost	214,676
Operating	FSPK	Construction	New Construction	4,193,129
Debt Service	Seek	Debt Service	Debt Service	983,240
Debt Service	FSPK	Debt Service	Debt Service	1,990,172
Operating	Special Revenue	General	Matching	48,165
Operating	Construction Fund	FSPK	Repayment	578,338

NOTE N - ON-BEHALF PAYMENTS

For the year ended June 30, 2003 total payments of \$8,450,184 were made for life insurance, health insurance, KTRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded as unallocated revenue and expense on the statement of activities.

SUPPLEMENTARY INFORMATION

BULLITT COUNTY BOARD OF EDUCATION**COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2003

	Capital Outlay Fund	Building Fund	Debt Service	Total Non-major Governmental Funds
ASSETS AND RESOURCES				
Cash and cash equivalents	\$ 22,400	\$ 2,104,359	\$ 70,385	\$ 2,197,144
Inventory	-	-	-	-
Accounts receivable				
Taxes – current	-	-	-	-
Taxes – delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Intergovernmental – State	-	-	-	-
Intergovernmental – Indirect Federal	-	-	-	-
Intergovernmental – Direct Federal	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
Interest receivable	-	-	-	-
Investments	-	-	-	-
Furniture and equipment	-	-	-	-
Total Assets and Resources	<u>\$ 22,400</u>	<u>\$ 2,104,359</u>	<u>\$ 70,385</u>	<u>\$ 2,197,144</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related expenses	-	-	-	-
Current portion of accumulated sick leave	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Reserved for:				
Encumbrances	-	4,184,484	-	4,184,484
Accrued sick leave	-	-	-	-
Unreserved:	-	-	-	-
Undesignated, reported in:				
General fund	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	22,400	(2,080,125)	-	(2,057,725)
Debt service funds	-	-	70,385	70,385
Total Fund Balances	<u>22,400</u>	<u>2,104,359</u>	<u>70,385</u>	<u>2,197,144</u>
Total Liabilities and Fund Balances	<u>\$ 22,400</u>	<u>\$ 2,104,359</u>	<u>\$ 70,385</u>	<u>\$ 2,197,144</u>

See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--NON-MAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2003

	Capital Outlay Fund	Building Fund	Debt Service	Total Non-major Governmental Funds
Revenues				
From local sources				
Taxes				
Property	\$ -	\$ 1,710,264	\$ -	\$ 1,710,264
Motor vehicle	-	-	-	-
Utilities	-	-	-	-
Other	-	-	-	-
Tuition and fees	-	-	-	-
Earnings on investments	-	-	245	245
Other local revenues	-	-	332	332
Intergovernmental – intermediate	-	-	-	-
Intergovernmental – state	1,005,640	1,030,105	945,234	2,980,979
Intergovernmental – indirect federal	-	-	-	-
Intergovernmental – direct federal	-	-	-	-
Total revenues	1,005,640	2,740,369	945,811	4,691,820
Expenditures				
Instruction	-	-	-	-
Support services:				
Student	-	-	-	-
Instruction staff	-	-	-	-
District administrative	-	-	-	-
School administrative	-	-	-	-
Business	-	-	-	-
Plant operation and maintenance	-	-	-	-
Student transportation	-	-	-	-
Central office	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Community service activities	-	-	-	-
Other	-	-	6,576,126	6,576,126
Total expenditures	-	-	6,576,126	6,576,126
Excess (Deficit) of Revenues Over Expenditures	1,005,640	2,740,369	(5,630,315)	(1,884,306)
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-	-	2,660,000	2,660,000
Operating transfers in	-	578,338	2,973,312	3,551,650
Operating transfers out	(983,240)	(6,183,201)	-	(7,166,441)
Total other financing sources (uses)	(983,240)	(5,604,863)	5,633,312	(954,791)
Net change in fund balances	22,400	(2,864,494)	2,997	(2,839,097)
Fund balances, beginning of year	-	4,968,853	67,388	5,036,241
Fund balances, end of year	\$ 22,400	\$ 2,104,359	\$ 70,385	\$ 2,197,144

See independent auditor's report and accompanying
notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE --ACTIVITY FUNDS

June 30, 2003

	Brooks Elementary School	Cedar Grove Elementary School	Lebanon Junction Elementary School	Maryville Elementary School	Mount Washington Elementary School	Nichols Elementary School	Old Mill Elementary School
Assets							
Cash	\$ 35,014	\$ 91,865	\$ 4,717	\$ 9,993	\$ 24,189	\$ 13,275	\$ 9,922
Accounts receivable	-	-	-	-	-	-	-
Due from general fund	-	-	-	-	-	-	-
Total Assets	<u>\$ 35,014</u>	<u>\$ 91,865</u>	<u>\$ 4,717</u>	<u>\$ 9,993</u>	<u>\$ 24,189</u>	<u>\$ 13,275</u>	<u>\$ 9,922</u>

	Overdale Elementary School	Pleasant Grove Elementary School	Roby Elementary School	Freedom Elementary School	Bernheim Middle School	Bullitt Lick Middle School	Hebron Middle School
Assets							
Cash	\$ 27,349	\$ 9,244	\$ 34,407	\$ 28,243	\$ 37,220	\$ 9,429	\$ 21,968
Accounts receivable	-	-	-	-	-	-	-
Due from general fund	-	-	-	-	-	-	-
Total Assets	<u>\$ 27,349</u>	<u>\$ 9,244</u>	<u>\$ 34,407</u>	<u>\$ 28,243</u>	<u>\$ 37,220</u>	<u>\$ 9,429</u>	<u>\$ 21,968</u>

	Mount Washington Middle School	Bullitt Central High School	Bullitt East High School	North Bullitt High School	Riverview High School	Bullitt County Day Treatment	Totals
Assets							
Cash	\$ 26,273	\$ 119,702	\$ 88,957	\$ 61,136	\$ 11,618	\$ 8,860	\$ 673,381
Accounts receivable	-	-	390	-	-	-	390
Due from general fund	-	-	-	-	-	-	-
Total Assets	<u>\$ 26,273</u>	<u>\$ 119,702</u>	<u>\$ 89,347</u>	<u>\$ 61,136</u>	<u>\$ 11,618</u>	<u>\$ 8,860</u>	<u>\$ 673,771</u>

BULLITT COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE--ACTIVITY FUNDS--CONTINUED

June 30, 2003

	Brooks Elementary School	Cedar Grove Elementary School	Lebanon Junction Elementary School	Maryville Elementary School	Mount Washington Elementary School	Nichols Elementary School	Old Mill Elementary School
Liabilities and Fund Balance							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ -
Due to general fund	-	-	-	-	-	-	-
Fund Balance	<u>35,014</u>	<u>91,865</u>	<u>4,417</u>	<u>9,993</u>	<u>24,189</u>	<u>13,275</u>	<u>9,922</u>
Total Liabilities and Fund Balance	<u>\$ 35,014</u>	<u>\$ 91,865</u>	<u>\$ 4,717</u>	<u>\$ 9,993</u>	<u>\$ 24,189</u>	<u>\$ 13,275</u>	<u>\$ 9,922</u>
	Overdale Elementary School	Pleasant Grove Elementary School	Roby Elementary School	Freedom Elementary School	Bernheim Middle School	Bullitt Lick Middle School	Hebron Middle School
Liabilities and Fund Balance							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ 655	\$ 63	\$ -	\$ 133
Due to general fund	-	-	-	-	-	-	-
Fund Balance	<u>27,349</u>	<u>9,244</u>	<u>34,407</u>	<u>27,588</u>	<u>37,157</u>	<u>9,429</u>	<u>21,835</u>
Total Liabilities and Fund Balance	<u>\$ 27,349</u>	<u>\$ 9,244</u>	<u>\$ 34,407</u>	<u>\$ 28,243</u>	<u>\$ 37,220</u>	<u>\$ 9,429</u>	<u>\$ 21,968</u>
	Mount Washington Middle School	Bullitt Central High School	Bullitt East High School	North Bullitt High School	Riverview High School	Bullitt County Day Treatment	Totals
Liabilities and Fund Balance							
Liabilities:							
Accounts Payable	\$ -	\$ 24,910	\$ 11,247	\$ -	\$ -	\$ -	\$ 37,308
Due to general fund	-	-	-	-	-	-	-
Fund Balance	<u>26,273</u>	<u>94,792</u>	<u>78,100</u>	<u>61,136</u>	<u>11,618</u>	<u>8,860</u>	<u>636,463</u>
Total Liabilities and Fund Balance	<u>\$ 26,273</u>	<u>\$ 119,702</u>	<u>\$ 89,347</u>	<u>\$ 61,136</u>	<u>\$ 11,618</u>	<u>\$ 8,860</u>	<u>\$ 673,771</u>

BULLITT COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --ACTIVITY FUNDS

Year ended June 30, 2003

	Brooks Elementary School	Cedar Grove Elementary School	Lebanon Junction Elementary School	Maryville Elementary School	Mount Washington Elementary School	Nichols Elementary School	Old Mill Elementary School
Revenues from student activities	\$ 82,180	\$ 162,827	\$ 74,248	\$ 55,315	\$ 63,108	\$ 17,183	\$ 105,424
Non-instructional expenses	<u>101,188</u>	<u>132,851</u>	<u>79,146</u>	<u>62,174</u>	<u>78,096</u>	<u>24,868</u>	<u>115,604</u>
Excess (deficit) of revenues over expenditures	(19,008)	29,976	(4,898)	(6,859)	(14,988)	(7,685)	(10,180)
Fund balance, Beginning of Year	<u>54,022</u>	<u>61,889</u>	<u>9,315</u>	<u>16,852</u>	<u>39,177</u>	<u>20,960</u>	<u>20,102</u>
Fund balance, End of Year	<u>\$ 35,014</u>	<u>\$ 91,865</u>	<u>\$ 4,417</u>	<u>\$ 9,993</u>	<u>\$ 24,189</u>	<u>\$ 13,275</u>	<u>\$ 9,922</u>

	Overdale Elementary School	Pleasant Grove Elementary School	Roby Elementary School	Freedom Elementary School	Bernheim Middle School	Bullitt Lick Middle School	Hebron Middle School
Revenues from student activities	\$ 37,785	\$ 75,995	50,176	86,758	93,464	65,178	\$ 76,355
Non-instructional expenses	<u>51,210</u>	<u>73,328</u>	<u>66,966</u>	<u>59,170</u>	<u>100,588</u>	<u>68,276</u>	<u>73,138</u>
Excess (deficit) of revenues over expenditures	(13,425)	2,667	(16,790)	27,588	(7,124)	(3,098)	3,217
Fund balance, Beginning of Year	<u>40,774</u>	<u>6,577</u>	<u>51,197</u>	<u>-</u>	<u>44,281</u>	<u>12,527</u>	<u>18,618</u>
Fund balance, End of Year	<u>\$ 27,349</u>	<u>\$ 9,244</u>	<u>\$ 34,407</u>	<u>\$ 27,588</u>	<u>\$ 37,157</u>	<u>\$ 9,429</u>	<u>\$ 21,835</u>

	Mount Washington Middle School	Bullitt Central High School	Bullitt East High School	North Bullitt High School	Riverview High School	Bullitt County Day Treatment	Totals
Revenues from student activities	\$ 118,661	\$ 301,938	\$ 539,787	\$ 348,666	\$ 7,996	\$ 1,720	\$ 2,364,764
Non-instructional expenses	<u>143,765</u>	<u>309,262</u>	<u>538,035</u>	<u>379,789</u>	<u>7,755</u>	<u>626</u>	<u>2,465,835</u>
Excess (deficit) of revenues over expenditures	(25,104)	(7,324)	1,752	(31,123)	241	1,094	(101,071)
Fund balance, Beginning of Year	<u>51,377</u>	<u>102,116</u>	<u>76,348</u>	<u>92,259</u>	<u>11,377</u>	<u>7,766</u>	<u>737,534</u>
Fund balance, End of Year	<u>\$ 26,273</u>	<u>\$ 94,792</u>	<u>\$ 78,100</u>	<u>\$ 61,136</u>	<u>\$ 11,618</u>	<u>\$ 8,860</u>	<u>\$ 636,463</u>

See independent auditor's report and accompanying notes to basic financial statements

BULLITT COUNTY BOARD OF EDUCATION

NORTH BULLITT COUNTY HIGH SCHOOL ACTIVITY FUND

Year ended June 30, 2003

	<u>Fund Balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Annual	\$ 3,774	\$ 21,620	\$ 21,790	\$ -	\$ 3,604
Athletic Program	13,530	88,891	41,508	(44,832)	16,081
Baseball	4,920	1,426	17,338	10,992	-
Boys Basketball	4,728	29,399	35,044	7,158	6,241
Girls Basketball	4,927	10,012	19,502	4,563	-
Cheerleading	560	-	1,169	3,215	2,606
Class 2003	-	9,734	9,997	263	-
Class 2004	5,015	16,060	16,868	153	4,360
Close-up	-	-	-	-	-
Coke	5,019	28,494	29,002	(1,715)	2,796
Dance Team	1,700	1,327	2,393	493	1,127
Faculty Coke/Flower Fund	8,107	6,012	13,311	183	991
FBLA	1,437	6,002	6,859	145	725
FHA	1,904	9,821	11,153	-	572
Field Trips	-	20,732	18,972	(1,760)	-
Football	8,007	28,319	41,577	8,787	3,536
Golf-Tennis	1,319	366	3,588	2,261	358
JROTC	2,709	16,219	15,982	-	2,946
Newspaper/NB-TV	-	-	-	-	-
Operational	3,686	33,406	36,373	5,406	6,125
Renaissance	462	-	275	(187)	-
SADD	1,239	115	20	-	1,334
Science Club	3,018	224	1,386	-	1,856
Softball	-	8,231	9,144	3,743	2,830
Student Council	-	-	-	-	-
Student Pictures	-	2,735	-	(2,735)	-
Textbooks-Fines-Tuition	1,775	750	1,873	1,905	2,557
Trac-Conc-Soccer	3,109	4,840	8,739	790	-
Y Club	860	493	941	-	412
Volleyball	2,278	3,438	6,809	1,172	79
Tech-Fund Raising	<u>8,176</u>	<u>-</u>	<u>8,176</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 92,259</u>	<u>\$ 348,666</u>	<u>\$ 379,789</u>	<u>\$ -</u>	<u>\$ 61,136</u>

BULLITT COUNTY BOARD OF EDUCATION**BULLITT COUNTY DAY TREATMENT ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund Balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Basketball	\$ -	\$ -	\$ -	\$ -	\$ -
Drinks	-	976	-	(976)	-
General	7,766	744	626	976	8,860
Pictures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 7,766</u>	<u>\$ 1,720</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 8,860</u>

BULLITT COUNTY BOARD OF EDUCATION**RIVERVIEW HIGH SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund Balance June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund Transfers</u>	<u>Fund Balance June 30, 2003</u>
General	\$ 9,407	\$ 2,135	\$ 2,750	\$ -	\$ 8,792
Sub acct – By the Riverview shop	<u>1,970</u>	<u>5,861</u>	<u>5,005</u>	<u>-</u>	<u>2,826</u>
Total	<u>\$ 11,377</u>	<u>\$ 7,996</u>	<u>\$ 7,755</u>	<u>\$ -</u>	<u>\$ 11,618</u>

BULLITT COUNTY BOARD OF EDUCATION

BULLITT EAST HIGH SCHOOL ACTIVITY FUND

Year ended June 30, 2003

	<u>Fund Balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Agenda	\$ 75	\$ 15	\$ -	\$ (90)	\$ -
Annual	6,693	6,510	582	(4,631)	7,990
Art Club	1,006	3,070	3,690	-	386
Athletic	1,180	802	6,560	4,656	78
Athletic Bingo	-	69,219	-	(69,219)	-
Attendance	-	662	716	202	148
Band	-	68,240	66,755	(65)	1,420
Baseball	-	35,531	44,894	9,364	1
Basketball, Boys	-	37,856	49,024	11,933	765
Basketball, Girls	2,389	22,436	33,925	9,844	744
Beta Club	1,678	5,081	6,073	-	686
Bookstore	293	2,866	2,400	24	783
Business & Office	150	232	223	-	159
Charger Camp	3,681	7,470	5,478	-	5,673
Cheerleading	489	30,979	43,293	11,825	-
Coke Fund	1,320	10,093	10,369	(427)	617
Concession	1,811	11,615	5,166	(5,240)	3,020
Cross Country	-	9,217	7,456	(1,637)	124
Drama Club	6,385	11,321	11,401	(90)	6,215
Environmental	326	1,697	1,715	-	308
FBLA	1,265	6,134	7,276	-	123
FHA	1,134	593	984	-	743
FCA	366	971	586	-	751
Faculty Lounge	180	157	-	-	337
Field Trip	288	22,947	23,228	177	184
Football	12,380	62,789	81,672	17,413	10,910
Football Camp	5,199	4,428	5,845	(444)	3,338
General Fund	524	2,567	3,131	639	599
Golf, Boys	1,251	795	2,140	1,161	1,067
Golf, Girls	-	-	12	12	-
Guidance	409	5,349	5,470	-	288
Insurance	-	397	397	-	-
Junior Class	-	22,016	21,921	153	248
Journalism	126	1,365	226	10	1,275
Library	370	1,283	931	-	722
Math	122	-	-	(122)	-
Media	102	-	30	(72)	-
NHS	732	1,185	1,787	500	630
Newspaper	10	-	-	(10)	-
Office	151	477	195	-	433
Parking Permit	105	5,110	2,812	599	3,002
Pep Club	287	-	-	(287)	-
Pictures	500	4,558	3,334	(500)	1,224

Continued

BULLITT COUNTY BOARD OF EDUCATION**BULLITT EAST HIGH SCHOOL ACTIVITY FUND--CONTINUED**

Year ended June 30, 2003

	<u>Fund Balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Senior Class	1,203	6,655	6,475	-	1,383
Soccer, Boys	248	13,003	9,853	(2,030)	1,368
Soccer, Girls	2,482	5,409	5,664	2,016	4,243
Soccer Field Renovation	-	-	6,685	8,807	2,122
Softball	8,135	18,893	23,225	3,603	7,406
Sport Facilitation	-	1,024	1,681	657	-
Student Council	1,119	1,620	2,261	(200)	278
Student Incentives	481	-	-	(481)	-
Technology	85	-	560	600	125
Tennis, Boys	415	363	669	-	109
Tennis, Girls	7	715	587	-	135
Textbook Fines	1,466	1,683	1,768	-	1,381
Track	537	6,137	7,844	1,726	556
Volleyball	<u>7,193</u>	<u>6,252</u>	<u>9,066</u>	<u>(376)</u>	<u>4,003</u>
Totals	<u>\$ 76,348</u>	<u>\$ 539,787</u>	<u>\$ 538,035</u>	<u>\$ -</u>	<u>\$ 78,100</u>

BULLITT COUNTY BOARD OF EDUCATION

BULLITT CENTRAL HIGH SCHOOL ACTIVITY FUND

Year ended June 30, 2003

	<u>Fund Balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Academic Team	\$ 235	\$ 1,393	\$ 786	\$ -	\$ 842
Annual	7,650	6,260	8,283	(80)	5,547
Art	473	-	8	-	465
Athletics	614	80,467	88,449	7,368	-
Baseball	-	7,313	7,035	-	278
Basketball, Boys	-	11,123	9,171	(1,326)	626
Basketball, Girls	1,902	11,677	10,043	(1,958)	1,578
Cheerleading	50	8,077	7,249	349	1,227
Football	114	23,328	21,843	(1,450)	149
Golf	-	1,155	784	(150)	221
Soccer, Boys	-	2,113	2,167	140	86
Soccer, Girls	663	1,728	2,236	70	225
Softball	70	4,821	4,988	200	103
Volleyball	187	5,633	4,878	(325)	617
Wresting	-	14,883	14,410	400	873
Baseball-District Tournament	-	-	-	-	-
Basketball-District	-	-	-	-	-
Attendance Incentive	72	-	-	-	72
Band	12	-	-	-	12
Beta Club	204	1,000	847	-	357
Bowling Club	-	175	-	-	175
Business Department	74	2,078	2,059	-	93
Chess Club	24	-	-	-	24
Close Up	1,860	-	-	-	1,860
Softball-District	273	-	212	(61)	-
Drama	1,272	329	-	-	1,601
FBLA	920	7,772	8,598	44	138
FCA	37	-	-	-	37
FFA	757	1,500	950	-	1,307
FHA	235	6,250	4,832	-	1,653
General Fund	27,144	21,021	18,841	(1,425)	27,899
Hayden	1,167	7,959	7,680	-	1,446
Industrial Arts Club	546	-	-	-	546
Industrial Arts Department	1,741	-	-	-	1,741
Insurance Fund	-	414	414	-	-
Journalism	156	134	-	-	290
Junior Class	2,494	11,525	10,427	(3,000)	592
Library	950	4,665	3,658	48	2,005
Library Club	-	-	-	-	-
Morning Report/Gifted	30	-	-	-	30
National Honor Society	-	953	745	-	208
Pep Club	1,045	103	-	-	1,148
Regional Girls Basketball	-	-	-	-	-

Continued

BULLITT COUNTY BOARD OF EDUCATION**BULLITT CENTRAL HIGH SCHOOL ACTIVITY FUND--CONTINUED**

Year ended June 30, 2003

	<u>Fund Balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
ROTC	8,809	3,604	1,855	334	10,892
ROTC Scabbard & Blade Club	9,489	16,909	20,465	-	5,933
ROTC Uniforms	223	111	-	(334)	-
School Jackets	-	-	-	-	-
School Picture Fund	6,372	4,705	3,519	-	7,558
School To Work - SE	4	-	-	-	4
Science Club	2,300	18,325	18,178	-	2,447
Senior Portraits	7,811	1,856	7,441	-	2,226
Student Government	158	-	-	-	158
SADD	674	1,075	3,781	2,500	468
Teachers Fund	4,197	6,834	8,977	(44)	2,010
Textbook Loss and Damage	3,949	2,670	3,301	-	3,318
VO. Agriculture Department	235	-	152	-	83
Super Now Account	<u>4,924</u>	<u>-</u>	<u>-</u>	<u>(1,300)</u>	<u>3,624</u>
Total	<u>\$ 102,116</u>	<u>\$ 301,938</u>	<u>\$ 309,262</u>	<u>\$ -</u>	<u>\$ 94,792</u>

BULLITT COUNTY SCHOOL DISTRICT**MT. WASHINGTON MIDDLE SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Academic Team	\$ -	\$ -	\$ -	\$ -	\$ -
Annual	-	10,451	8,224	-	-
Art	377	123	321	(2,227)	179
Athletics	3,707	9,278	5,664	-	7,321
Band	238	5,558	3,127	-	2,669
Bus Trips	97	24,671	24,578	-	190
Coke Fund	757	1,741	888	-	1,610
Custodial	-	568	163	-	405
FCA	13	549	427	-	135
Fundraising - General	-	2,223	1,527	(58)	638
Fundraising - Students	-	51,380	56,719	5,339	-
General Fund	45,032	2,686	37,435	2,535	12,818
Insurance	-	272	272	-	-
Junior Beta Club	57	146	44	-	159
Library	652	2,837	3,977	497	9
Pictures	-	6,086	-	(6,086)	-
Textbook Fines	<u>447</u>	<u>92</u>	<u>399</u>	<u>-</u>	<u>140</u>
Total	<u>\$ 51,377</u>	<u>\$ 118,661</u>	<u>\$ 143,765</u>	<u>\$ -</u>	<u>\$ 26,273</u>

BULLITT COUNTY SCHOOL DISTRICT

HEBRON MIDDLE SCHOOL ACTIVITY FUND

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Academic team	\$ 55	\$ 400	\$ 869	\$ 445	\$ 31
Alpha	737	8,682	9,382	-	37
Annual	2,588	10,700	8,157	-	5,131
Athletics	1,251	7,078	7,881	-	448
BD Room	335	-	192	-	143
Book Fines	761	1,058	184	-	1,635
Bookstore	1,399	1,563	2,521	-	441
Cheerleading	88	-	-	-	88
Chess Club	40	-	-	(40)	-
Community Learning	285	1,035	1,219	-	101
EGT	433	-	-	-	433
Explores	557	8,895	8,636	-	816
Extreme Team	683	5,697	6,330	-	50
Faculty & Staff	813	2,419	2,763	-	469
FCA	54	-	-	-	54
FMD Room	54	30	80	-	4
Fund Raiser	423	3,748	4,136	-	35
General Fund	4,300	11,001	8,306	(405)	6,590
MMD Room	50	-	-	-	50
Outdoor Classroom	1,500	-	-	-	1,500
Panther Pride	158	530	669	-	19
Pathfinders	329	5,430	5,657	-	102
Relay for Life	64	2,425	2,122	-	367
Student Council	556	4,360	2,858	-	2,058
Team 2007	549	902	1,048	-	403
Variety Show	<u>556</u>	<u>402</u>	<u>128</u>	<u>-</u>	<u>830</u>
Total	<u>\$ 18,618</u>	<u>\$ 76,355</u>	<u>\$ 73,138</u>	<u>\$ -</u>	<u>\$ 21,835</u>

BULLITT COUNTY SCHOOL DISTRICT**BULLITT LICK MIDDLE SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Athletics	\$ -	\$ 7,673	\$ 6,816	\$ 107	\$ 964
Bookstore	10	2,700	273	(2,018)	419
Coke Fund	2,597	6,838	6,794	-	2,641
Fundraiser 1	-	24,244	23,865	(107)	272
General	9,920	2,774	11,771	-	923
Instructional	-	6,392	6,265	-	127
Library	-	2,878	4,852	2,018	44
Pictures	-	3,415	1,087	-	2,328
TLC	-	361	361	-	-
Yearbook/Pictures	-	7,818	6,142	-	1,676
YSC	-	85	50	-	35
	<u>-</u>	<u>85</u>	<u>50</u>	<u>-</u>	<u>35</u>
Total	<u>\$ 12,527</u>	<u>\$ 65,178</u>	<u>\$ 68,276</u>	<u>\$ -</u>	<u>\$ 9,429</u>

BULLITT COUNTY SCHORICT**BERNHEIM MIDDLE SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Athletics	\$ 3,277	\$ 4,403	\$ 4,259	\$ -	\$ 3,421
Beta	60	4,133	3,759	-	434
Bernheim Outdoor					
Classroom	1,706	-	-	-	1,706
Book Fair	-	7,090	6,649	-	441
Book Fines	948	1,187	978	-	1,157
Charitable Contributions	-	4,120	4,120	-	-
Coke Fund	7,033	2,621	3,954	-	5,700
Concession	1,975	779	733	-	2,021
General Fund	14,291	33,604	36,909	-	10,986
Insurance	-	251	251	-	-
Library Misc.	232	1,001	791	-	442
Music	1,435	4,135	4,502	-	1,068
On Track	262	639	774	-	127
Snack Machine	1,644	2,088	1,573	-	2,159
Student Council	85	-	-	-	85
Technology Student Assoc.	1,199	4,136	3,842	-	1,493
Yearbook	6,902	4,795	8,869	-	2,828
Youth Services	3,232	69	689	-	2,612
Spring Break Field Trip	-	18,413	17,936	-	477
Total	<u>\$ 44,281</u>	<u>\$ 93,464</u>	<u>\$ 100,588</u>	<u>\$ -</u>	<u>\$ 37,157</u>

BULLITT COUNTY SCHOOL DISTRICT**ROBY ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Academics	\$ 237	\$ 2,146	\$ 1,713	\$ (23)	\$ 647
Arts	-	586	586	-	-
Coke Fund	740	1,371	1,427	-	684
Family Resource	1,853	309	30	-	2,132
Fundraiser	27,881	14,792	35,044	-	7,629
General	16,306	17,141	13,910	-	19,537
Gifted	-	1,415	1,415	-	-
Library	1,635	7,015	7,904	23	769
Red Cross	-	2,372	2,372	-	-
Wildlife	2,276	-	203	-	2,073
Yearbook	<u>269</u>	<u>3,029</u>	<u>2,362</u>	<u>-</u>	<u>936</u>
Total	<u>\$ 51,197</u>	<u>\$ 50,176</u>	<u>\$ 66,966</u>	<u>\$ -</u>	<u>\$ 34,407</u>

BULLITT COUNTY SCHOOL DISTRICT**PLEASANT GROVE ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
General	\$ 4,078	\$ 5,657	\$ 7,916	\$ 342	\$ 2,161
Field Trip	1,616	34,804	34,389	(145)	1,886
Library	689	15,961	14,811	-	1,839
Miscellaneous Activities	-	14,357	13,707	-	650
Yearbook	45	4,714	2,150	-	2,609
Academic Team	-	-	-	-	-
Lance/Coke Fund	84	474	355	(197)	6
Textbook Fines	<u>65</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>93</u>
Total	<u>\$ 6,577</u>	<u>\$ 75,995</u>	<u>\$ 73,328</u>	<u>\$ -</u>	<u>\$ 9,244</u>

BULLITT COUNTY SCHOOL DISTRICT**OVERDALE ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Annual Fund	\$ -	\$ 4,501	\$ 4,577	\$ 76	\$ -
Coke Fund	-	1,159	300	(859)	-
Field Trip	-	9,497	10,038	541	-
General Fund	40,260	15,150	34,868	5,389	25,931
Insurance	-	24	24	-	-
Library Fund	-	1,136	58	-	1,078
Music	248	1,146	1,345	-	49
Pictures	-	5,147	-	(5,147)	-
Textbook Fund	<u>266</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>291</u>
Total	<u>\$ 40,774</u>	<u>\$ 37,785</u>	<u>\$ 51,210</u>	<u>\$ -</u>	<u>\$ 27,349</u>

BULLITT COUNTY SCHOOL DISTRICT**OLD MILL ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Fundraising	\$ 14,909	\$ 53,165	\$ 56,128	\$ (4,112)	\$ 7,834
Bookstore	1,239	6,011	6,652	-	598
Lance Fund	278	717	676	-	319
School Fees	301	12,244	14,172	1,627	-
Interest/Cultural Arts	396	586	615	(15)	352
Coke Fund	143	1,061	879	-	325
Library Book Fair	2,473	21,689	26,586	2,500	76
Beta Club	-	182	182	-	-
Relay for Life	42	7,671	7,703	-	10
Family Resource	<u>321</u>	<u>2,098</u>	<u>2,011</u>	<u>-</u>	<u>408</u>
Total	<u>\$ 20,102</u>	<u>\$ 105,424</u>	<u>\$ 115,604</u>	<u>\$ -</u>	<u>\$ 9,922</u>

BULLITT COUNTY SCHOOL DISTRICT**NICHOLS ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Academics	\$ 278	\$ -	\$ 271	\$ -	\$ 7
Audio Visual	473	-	-	-	473
Book Fair	1,970	2,810	4,070	-	710
Bookstore	641	424	271	-	794
Coke Fund	2,046	1,404	1,552	-	1,898
Family Resource Center	-	-	-	-	-
Fund to Replace fee	62	-	-	-	62
Fundraising	3,548	6,717	7,951	-	2,314
Instructional	3,164	4,003	8,080	1,600	687
Library/Media	310	22	265	-	67
Operational	1,962	883	2,408	-	437
Outdoor Education	1,819	100	-	-	1,919
Pencils	1,000	-	-	-	1,000
Pictures	1,708	820	-	(1,600)	928
Preschool	828	-	-	-	828
Special Education	371	-	-	-	371
Textbook	<u>780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780</u>
Total	<u>\$ 20,960</u>	<u>\$ 17,183</u>	<u>\$ 24,868</u>	<u>\$ -</u>	<u>\$ 13,275</u>

BULLITT COUNTY SCHOOL DISTRICT**MT. WASHINGTON ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Coke/Lance Fund	\$ -	\$ 1,067	\$ 790	\$ (277)	\$ -
Fundraising	38,971	35,800	59,849	(14,922)	-
General	-	18,842	17,293	22,434	23,983
Insurance	-	154	154	-	-
Pictures	-	7,245	10	(7,235)	-
Textbook Fines	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206</u>
Total	<u>\$ 39,177</u>	<u>\$ 63,108</u>	<u>\$ 78,096</u>	<u>\$ -</u>	<u>\$ 24,189</u>

BULLITT COUNTY SCHOOL DISTRICT**MARYVILLE ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Bookfair	\$ 2,525	\$ 8,505	\$ 8,776	\$ -	\$ 2,254
Coke Fund	3,782	4,015	4,732	(1,065)	2,000
Field Trip	746	12,993	11,008	(2,731)	-
General Fund	3,715	4,458	8,172	5,738	5,739
Musical Instruments	522	146	649	(19)	-
Pictures	5,441	3,553	6,595	(2,399)	-
Yearbooks	121	4,440	5,037	476	-
Insurance	-	52	52	-	-
Fundraiser	<u>-</u>	<u>17,153</u>	<u>17,153</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,852</u>	<u>\$ 55,315</u>	<u>\$ 62,174</u>	<u>\$ -</u>	<u>\$ 9,993</u>

BULLITT COUNTY SCHOOL DISTRICT**LEBANON JUNCTION ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Academic L.J.	\$ 80	\$ 714	\$ 648	\$ (71)	\$ 75
Book Fair	835	11,657	11,477	(1)	1,014
Book Fines	226	53	22	(17)	240
Bookstore	934	904	1,290	-	548
Bernheim Grant	195	-	20	-	175
Coke Fund	3,277	10,842	11,001	(2,312)	806
Fundraiser - Candy Sales	838	26,717	31,834	4,279	-
Fundraiser - Concessions	362	5,079	4,158	(1,081)	202
Fundraiser - Field Trip	270	2,820	3,074	216	232
Fundraiser - Pictures	1,894	4,115	5,412	(597)	-
Fundraiser - Misc.	113	5,172	5,008	(223)	54
Fundraiser - L.J. Polo's & Access.	110	75	96	-	89
Insurance	-	155	155	-	-
ILEAP	10	200	200	-	10
Maintenance General	144	314	405	-	53
Music	27	4,047	3,881	(193)	-
Trail Testing	-	1,160	241	-	919
Next Step	-	224	224	-	-
Total	<u>\$ 9,315</u>	<u>\$ 74,248</u>	<u>\$ 79,146</u>	<u>\$ -</u>	<u>\$ 4,417</u>

BULLITT COUNTY SCHOOL DISTRICT**CEDAR GROVE ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Coke and Candy Fund	\$ 768	\$ 4,894	\$ 4,951	\$ -	\$ 711
General/Fundraising	37,710	98,975	81,578	(19,575)	35,532
Memory Book/Pictures	8,425	9,316	6,077	-	11,664
Student Council/CG					
Academic	328	-	303	-	25
Bernheim Forest	56	-	-	-	56
Textbook Fines	205	51	-	-	256
Technology Fund	12,342	-	30,072	18,000	270
Family Resource Center	681	650	898	-	433
Library	265	47,621	7,543	1,575	41,918
Elementary County -					
Academic Team	801	1,250	1,051	-	1,000
AdultEd - Next Step	<u>308</u>	<u>70</u>	<u>378</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 61,889</u>	<u>\$ 162,827</u>	<u>\$ 132,851</u>	<u>\$ -</u>	<u>\$ 91,865</u>

BULLITT COUNTY SCHOOL DISTRICT**BROOKS ELEMENTARY SCHOOL ACTIVITY FUND**

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Bernheim Forrest Fund \$	2,000	\$ -	\$ -	\$ -	\$ 2,000
Bullitt Co. Music					
Teachers Association	5,714	-	5,714	-	-
Drink Machines	9,986	4,572	4,691	-	9,867
Family Resource	6,009	-	5,197	-	812
Fees	1,033	5,297	3,953	(795)	1,582
Fundraisers	4,990	8,211	8,038	(160)	5,003
Gifted	1,408	41,273	42,007	675	1,349
Governors Cup	193	131	139	280	465
Instructional Material	849	999	839	-	1,009
Insurance	-	289	289	-	-
Junior Red Cross	-	601	601	-	-
Library Fund	992	2,877	2,851	-	1,018
Operating	890	8,575	8,562	-	903
Pencil, Erasers, Pads	852	427	636	-	643
Pictures	19,106	8,680	17,423	-	10,363
Volunteer Coordinator	-	248	248	-	-
Total	<u>\$ 54,022</u>	<u>\$ 82,180</u>	<u>\$ 101,188</u>	<u>\$ -</u>	<u>\$ 35,014</u>

BULLITT COUNTY SCHOOL DISTRICT

FREEDOM ELEMENTARY SCHOOL ACTIVITY FUND

Year ended June 30, 2003

	<u>Fund balance</u> <u>June 30, 2002</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund</u> <u>Transfers</u>	<u>Fund Balance</u> <u>June 30, 2003</u>
Academics	\$ -	\$ 529	\$ 431	\$ -	\$ 98
Bullitt Co. Music					
Teachers Association	-	9,369	2,544	-	6,825
Coke Fund	-	808	475	-	333
Fieldtrip	-	9,419	9,565	146	-
Fundraiser	-	39,121	26,725	(146)	12,250
General	-	9,922	5,304	2,000	6,618
Gifted	-	4,710	4,710	-	-
Library	-	4,758	4,503	-	255
Market Day	-	3,157	2,369	-	788
Yearbook	-	4,965	2,544	(2,000)	421
	<u>-</u>	<u>86,758</u>	<u>59,170</u>	<u>(2,000)</u>	<u>421</u>
Total	<u>\$ -</u>	<u>\$ 86,758</u>	<u>\$ 59,170</u>	<u>\$ -</u>	<u>\$ 27,588</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BULLITT COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2003

<u>Federal Grantor Passed-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Passed-through KY Department of Education				
School Breakfast Program--FY 2002	10.553	0576-02-05	\$ 94,667	\$ 94,667
National School Lunch Program--FY 2002	10.555	0575-02-02	329,026	329,026
National School Lunch Program--FY 2003	10.555	0575-03-02/08	865,914	865,914
Child and Adult Care Food Program--FY 2003	10.558	0576-03-05	240,582	240,582
Summer Food Service Program for Children--FY 2002	10.559	0574-02-23	30,675	30,675
Summer Food Service Program for Children--FY 2002	10.559	0569-02-24	3,200	<u>3,200</u>
Total U.S. Department of Agriculture				<u>\$ 1,564,064</u>
<u>U.S. Department of Education</u>				
Title I Grants to Local Educational Agencies--FY 2002	84.010	0351-02-01	-	\$ 54,395
Title I Grants to Local Educational Agencies--FY 2003	84.010	0351-03-01	993,000	1,107,791
Special Education - Grants to States (Idea B)--FY 2002	84.027	0581-02-02	-	94,636
Special Education - Grants to States (Idea B)--FY 2003	84.027	0581-03-02	1,116,000	1,280,534
Vocational Education - Basic Grants to States (Perkins III)--FY 2002	84.048	0462-02-32	32,941	8,725
Vocational Education - Basic Grants to States (Perkins III)--FY 2003	84.048	0462-03-32	40,952	74,104
Special Education - Preschool Grants (Idea Preschool) -- FY 2003	84.173	0587-03-02	74,690	83,067
Safe and Drug-free Schools and Communities -				
State Grants (Title IV, Part A, Subpart 1 of ESEA)--FY 2002	84.186	0590-02-02	32,158	36,474
Safe and Drug-free Schools and Communities -				
State Grants (Title IV, Part A, Subpart 1 of ESEA)--FY 2003	84.186	0590-03-02	-	73,456
Even Start - State Educational Agencies -- FY 2003	84.213	0588-03-02	48,000	60,408
Eisenhower Professional Development State Grants - FY 2002	84.281	0530-02-03	28,197	33,843
Title II - Teacher Quality	84.367	0710-03-02	432,500	472,222
Innovative Education Program Strategies--FY 2002	84.298	0533-02-02	12,228	19,060
Innovative Education Program Strategies--FY 2003	84.298	0533-03-02	-	62,709
Class Size Reduction--FY 2002	84.340	0534-02-01	113,183	20,211
Technology Literacy Challenge Fund Grants--FY 2003	84.318			12,941

Continued

BULLITT COUNTY BOARD OF EDUCATION**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--CONTINUED**

Year ended June 30, 2003

	Federal CFDA Number	Pass Through Grantor's Number	Program Or Award Amount	Expenditures
Migrant Education Basic State Grant Program--FY 2002	84.011	0352-02-02	13,796	40,996
Migrant Education Basic State Grant Program--FY 2003	84.011	0352-03-02	-	15,067
 Title I Program for Neglected and Delinquent Children--FY 2003	 84.013	 0353-03-01	 -	 25,328
 Adult Education State Grant Program--FY 2002	 84.002	 0535-02-02	 -	 1,191
Adult Education State Grant Program--FY 2003	84.002	0535-03-02	-	<u>132,607</u>
 Total U.S. Department of Education				 <u>\$ 3,709,765</u>
 <u>U.S. Department of Labor</u>				
Jobs for Adult Graduates (JAG)--FY 2003	17.255	-	-	<u>\$ 169,435</u>
 Total U.S. Department of Labor				 <u>\$ 169,435</u>
 <u>U.S. Department of Defense</u>				
ROTC	12.000	-	-	<u>\$ 80,412</u>
 Total U.S. Department of Defense				 <u>\$ 80,412</u>
 Total Federal Financial Assistance				 <u>\$ 5,523,676</u>

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Bullitt County Board of Education
Shepherdsville, Kentucky

We have audited the general-purpose financial statements of the Bullitt County Board of Education as of and for the year ended June 30, 2003, and have issued our report thereon dated August 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bullitt County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bullitt County Board of Education's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over the financial reporting that we have reported to the management of Bullitt County Board of Education in a separate letter dated August 15, 2003.

This report is intended for the information of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Bullitt County Board of Education, the Kentucky Department of Education management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Louisville, Kentucky
August 15, 2003

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Bullitt County Board of Education
Shepherdsville, Kentucky

Compliance

We have audited the compliance of Bullitt County Board of Education with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Bullitt County Board of Education's major federal programs are identified in the accompanying schedule of federal financial assistance. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bullitt County Board of Education's management. Our responsibility is to express an opinion on Bullitt County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bullitt County Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bullitt County Board of Education's compliance with those requirements.

In our opinion, Bullitt County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items A1-2.

Internal Control Over Compliance

The management of Bullitt County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bullitt County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of law, regulations, contract and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be a material weakness.

This report is intended for the information of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Bullitt County Board of Education, the Kentucky Department of Education management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Louisville, Kentucky
August 15, 2003

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

BULLITT COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued (qualified):

Internal control over financial reporting:

- Material weakness(es) identified? _____yes __X__no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____yes __X__none reported

Noncompliance material to financial statements noted?

_____yes __X__no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes __X__no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____yes __X__none reported

Type of auditor's report issued on compliance for major programs (unqualified):

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____yes __X__no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010 10.550, 10.553, 10.555 84.027 84.367	Title I Food Distribution Program Idea Part B Title II

Dollar threshold used to distinguish Between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee? _____yes __X__no

Section II - Financial Statement of Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

Under the Title I, Part A Program, CFDA 84.010, District Program Requirement number 7, Parent Involvement Policy, a written parent involvement policy at the district level must be developed jointly, agreed upon and distributed to parents of participating children. The letters were not distributed to the parents of children participating in Title I at Bernheim Middle School during the fiscal year ended June 30, 2003.

MANAGEMENT LETTER COMMENTS

MANAGEMENT LETTER

Members of the Board of Education of
Bullitt County Board of Education
Shepherdsville, Kentucky

In planning and performing our audit of the general-purpose financial statements of Bullitt County Board of Education for the year ended June 30, 2003, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general-purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated August 15, 2003, contains our report on reportable conditions and material weaknesses in the District's internal control structure. This letter does not affect our report dated August 15, 2003, on the financial statements of the Bullitt County Board of Education.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

Carpenter, Mountjoy & Bressler, PSC
Louisville, Kentucky
August 15, 2003

BULLITT COUNTY BOARD OF EDUCATION

MANAGEMENT LETTER COMMENTS

For the year ended June 30, 2003

Activity Funds - Segregation of Duties

During our audit procedures related to the schools, we noted that the segregation of duties at the majority of the schools was not being fully utilized. Internal controls are designed to safeguard assets and help to detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. According to the "Accounting Procedures for Kentucky School Activity Funds" (Redbook) distributed by the Kentucky Department of Education, the following are suggested ways to segregate duties:

Handling Receipts:

- Someone other than the bookkeeper or principal should perform the following duties:
 - Opens the mail with the exception of the bank statements.
 - Records the checks by payee in chronological order.
 - Receives cash and writes pre-numbered receipt for cash to payee.
- The bookkeeper should perform the following duties:
 - Photocopy the checks.
 - Record receipts on a deposit ticket.
 - Record revenue in the school accounting system to agree with the deposit slips.
- The principal should perform the following duties:
 - Reconcile the listing of checks by payee to the deposit ticket.
 - Deposits checks and cash.

Paying Bills:

- The principal should approve invoices.
- The bookkeeper should enter invoices and print checks.
- Someone other than the bookkeeper and principal should match the invoices to the checks and mail the checks.

Preparing Bank Reconciliation:

- The principal should perform the following duties:
 - Open the bank statement.
 - Review canceled checks for appropriate signatures, inconsistent check numbers or abnormal transaction amounts.
 - Compare chronological listing of receipts to deposit slips to deposits on bank statement.
- The bookkeeper should perform the following duties:
 - Sort checks in numerical order and clear them from the school accounting system.
 - Reconcile bank statement to the books using Form F-SA-14.
- Someone other than the bookkeeper or the principal should review the bank reconciliation.

We recommend that each school conduct an evaluation of their policies and procedures related to segregation of duties and compare the results to the suggestions in the Redbook.

Continued

BULLITT COUNTY PUBLIC SCHOOL DISTRICT – LOUISVILLE, KY

MANAGEMENT LETTER COMMENTS--CONTINUED

For the year ended June 30, 2003

Management Response

We are in agreement with the recommendations. We reviewed the guidelines in the School Activity Accounting Manual with the Principals and School Treasurers on September 10, 2003. We also conducted a full School Activity Fund Accounting Training with the Principal and School Treasurer of any school that has a new Principal or School Treasurer for the 2003-2004 school year. In addition, the district Treasurer will be conducting at least one unannounced mini-audit on all schools during FY 2004 and at least two at schools with a new Principal or School Treasurer for the 2003-2004 school year. Any discrepancies will be noted and shared with the Assistant Superintendent for Business Administration and Finance and follow-up visits will determine if identified problems have been corrected. Principals or School Treasurers unable or unwilling to correct procedures will be referred to the Superintendent for disciplinary action.

Activity Funds - Annual Financial Report

During our audit we noted that several schools did not properly follow the procedures as outlined in the Redbook relating to the calculation of the annual financial report. Several schools treated transfers between funds as being additions to the subtotal of receipts and expenditures instead of subtractions. Since the transfers are already included in the Annual Financial Reports, the addition of the transfers overstated the total receipts and expenditures. We recommend that all transfers should be subtracted from the subtotal of receipts and expenditures which follows the procedures outlined in the Redbook.

We also noted that several schools prepared and dated the annual reports prior to June 30. Preparation of the annual financial reports prior to June 30, could potentially lead to the omission or misclassification of transactions. We recommend that all annual financial reports be prepared to incorporate all activity through June 30.

We also noted that the annual financial reports often omitted such information as accounts receivable, accounts payable and investments. By omitting relevant information, the reconciliation of the cash balance to the fund balance becomes difficult. We recommend that the schools include all relevant information on the annual financial reports.

We also noted that the beginning fund balances did not always agree to the prior year ending balance. In order to make sure that all activity is being properly recorded, we recommend that all transfers be recorded in the year they occur and that the beginning fund balances be reconciled to the prior year ending balance on a timely basis.

Management Response

We are in agreement with the recommendations. We reviewed the guidelines in the School Activity Accounting Manual with the Principals and School Treasurers on September 10, 2003. We also conducted a full School Activity Fund Accounting Training with the Principal and School Treasurer of any school that has a new Principal or School Treasurer for the 2003-2004 school year. All personnel have been informed that they must plan to keep their books open until June 30th and submit required annual reports after that date. All schools except one with very little fund activity have implemented STI Bookkeeper for FY 04. This action will assist School Treasurers in both monthly and year-end reporting requirements.

Continued

BULLITT COUNTY PUBLIC SCHOOL DISTRICT – LOUISVILLE, KY

MANAGEMENT LETTER COMMENTS--CONTINUED

For the year ended June 30, 2003

Activity Funds - Purchasing

During our audit we discovered several instances in which the proper purchasing procedures were not being utilized. Some examples include, payment being rendered on purchases in which a purchase order was not approved prior to the purchase, vendor invoices that did not denote proper approval, vendor invoices that did not denote payment had been rendered, and voided checks which were recorded as receipts instead of negative expenses. We recommend that the following Redbook procedures be performed:

- To initiate a purchase, a Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated.
- Shipping tickets for merchandise ordered shall be compared to the purchase order, initialed and dated by the receiver, and section B of the purchase order completed. We recommend that the shipping ticket be maintained with the purchase order and vendor invoice.
- The vendor invoice and/or the standard invoice must have the approval and signature of the principal and the faculty sponsor of the activity expending the monies before the payment process can be continued.
- The check number and date paid shall be noted on the invoice. The invoice shall be clearly marked "paid."
- Voided checks shall be recorded in the account ledgers as negative expenses, not receipts.

Management Response

We are in agreement with the recommendations. We reviewed the purchasing guidelines in the School Activity Accounting Manual with the Principals and School Treasurers on September 10, 2003. We also conducted a full School Activity Fund Accounting Training with the Principal and School Treasurer of any school that has a new Principal or School Treasurer for the 2003-2004 school year. In addition, the district Treasurer will be conducting at least one unannounced mini-audit on all schools during FY 2004 and at least two at schools with a new Principal or School Treasurer for the 2003-2004 school year. Any discrepancies will be noted and shared with the Assistant Superintendent for Business Administration and Finance and follow-up visits will determine if identified problems have been corrected. Principals or School Treasurers unable or unwilling to correct procedures will be referred to the Superintendent for disciplinary action.

Single Audit - Title I

Proper internal control procedures dictates that purchase orders should be approved before payment is made to the vendor. We noted two instances during our compliance testing of Title I in which purchase orders were not approved prior to payment. We also noted one instance during our compliance testing of Idea B in which the purchase order was not approved prior to payment. We recommend that the Board implement a policy on the handling of payments for purchases that have not been properly approved.

Continued

BULLITT COUNTY PUBLIC SCHOOL DISTRICT – LOUISVILLE, KY

MANAGEMENT LETTER COMMENTS--CONTINUED

For the year ended June 30, 2003

Management Response

Current Board policy 04.31 states that “All purchases shall require the prior approval of the Superintendent or Superintendent’s Designee.” That approval is through the purchase order process, which insures compliance with both the model procurement code and budget conformity. This policy is reviewed and communicated on an annual basis. To address this further, anyone in the approval process (Administrative Secretary, Supervisor, Accounts Payable Clerk) who discovers a purchase order dated after the invoice date will bring this fact to the attention of the Assistant Superintendent for Business Administration and Finance. He will report to the Superintendent and recommend appropriate disciplinary action for those in violation of Board policy.

Health Insurance Escrow

Under the contract with the local education association, employees may elect to take their contract salary in either 22 or 26 paychecks. This requires the district to take additional deductions from employee's checks for health and dental insurance during the first six months of the calendar year to cover nine months worth of insurance premiums. The insurance premiums vary based on the number of employees. Due to retirements and resignations during the summer, it is impossible to accurately predict the premiums due during the summer months, so financial control necessarily suffers. We recommend the district issue 24 paychecks per year, which will eliminate the escrowing of funds, level the deductions from employee's paychecks, and enable the district to implement direct deposit.

Management Response

This is a comment that appeared last year. After the first comment, we prepared an illustration of the changes and how those changes would affect individual paychecks. Though most responses received by the finance office were positive, the Bullitt County Education Association rejected our request to discuss any changes. They contend that their members prefer the 22- or 26-pay option. We will be developing a survey of all employees on the issue during the coming year and will address the issue during regular contract negotiations.